

Message Text

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ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02

AID-05 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

FEAE-00 OMB-01 OIC-02 AF-10 ARA-10 EA-07 NEA-10

/144 W

-----131433Z 048674 /47

P R 131243Z JUN 77

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 4176

INFO AMEMBASSY OSLO

AMEMBASSY HELSINKI

AMEMBASSY STOCKHOLM

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USMTN

ACTION STR

PASS AGRI

H PASS CODEL

E.O. 11652: NA

TAGS: MTN EAGR

SUBJ: U.S. - NORDIC MTN AGRICULTURAL CONSULTATIONS

REF: A. MTN GENEVA 2214, B. STATE 88300, C. STATE 92547

1. SUMMARY: MTN DEL HELD CONSULTATIONS JUNE 8 WITH NORDIC
DEL ON THEIR RESPECTIVE NOTIFICATIONS UNDER GROUP AGRICULTURE'S
"OTHER PRODUCTS" PROCEDURES. THE CONSULTATION COVERED
U.S. NOTIFICATIONS (QR'S AND OTHER NTM'S) AGAINST SWEDEN
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AND NORWAY, AND THE NOTIFICATIONS (MOSTLY TARIFFS) BY FIN-
LAND AND NORWAY AGAINST THE U.S. THE CONSULTATIONS ALLOWED
THE DELEGATIONS TO VERIFY INFORMATION AND TO CORRECT MISINFOR-
MATION REGARDING MEASURES WHICH HAD BEEN NOTIFIED.
IT WAS AGREED THAT THE REPORT OF THE CONSULTATIONS
SHOULD BE SHORT AND FACTUAL AND THAT THE TWO DELEGATIONS
WOULD SUBMIT THEIR OWN REPORTS TO GROUP AGRICULTURE. END

SUMMARY.

2. MTN DEL HELD CONSULTATIONS JUNE 8 WITH THE NORDICS UNDER GROUP AGRICULTURE'S "OTHER PRODUCTS" PROCEDURES (MTN/AG/4). U.S. DEL (KOENIG, ET AL) MADE USUAL INTRODUCTORY REMARKS REGARDING FACT THAT U.S. NOTIFICATIONS WERE MADE WITHOUT PREJUDICE AS TO HOW THOSE ITEMS MAY EVENTUALLY BE NEGOTIATED; THAT THE NOTIFICATIONS ARE INDICATIVE OF U.S. INTERESTS BUT ARE NOT REQUEST LISTS; AND THAT THE U.S. RESERVES THE RIGHT TO NOTIFY ADDITIONAL ITEMS IN THE FUTURE. U.S. DEL ALSO INDICATED THAT U.S. COULD ACCEPT EITHER JOINT OR SEPARATE REPORTS BUT THAT U.S. WOULD PREFER THAT REPORTS BE BRIEF AND FACTUAL. IT WAS AGREED THAT THE TWO DELEGATIONS WOULD SUBMIT THEIR OWN REPORTS.

3. NOTIFICATION BY FINLAND AGAINST THE U.S.: U.S. DEL INDICATED TO FINNISH DEL (HAGFORS) FACTUAL ERRORS IN THEIR NOTIFICATION AGAINST THE U.S. AS FOLLOWS:

A. MUSHROOMS - THE TSUS NUMBERS ARE 144.10 (FRESH), 144.12 (DRIED), AND 144.20 (OTHERWISE PREPARED OR PRESERVED) AND NOT THOSE LISTED IN THE NOTIFICATION. THE CORRECT TARIFF RATES WERE ALSO PROVIDED.

B. WHEAT GLUTEN - THE TSUS NUMBER IS NOW 182.96. THE 10-PERCENT DUTY LISTED IS, HOWEVER, CORRECT.

C. OTHER EDIBLE PREPARATIONS - THE TSUS NUMBER LIMITED OFFICIAL USE

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IS NOW 182.98. THE 10-PERCENT DUTY LISTED IS, HOWEVER, CORRECT.

D. VODKA - THE TSUS NUMBER IS NOW 168.52. THE \$1.25/GAL DUTY LISTED IS, HOWEVER, CORRECT. THE U.S. DEL WONDERED WHY FINLAND WAS INTERESTED IN WHEAT GLUTEN IN THE U.S. MARKET, AND ASKED WHAT "EDIBLE PREPARATIONS SWEETENED WITH XYLITOL AND/OR SORBITOL AND/OR FRUCTOSE" FINLAND IS INTERESTED IN. THE FINNISH DEL THOUGHT THAT IT MIGHT BE CHEWING GUM SWEETENED BY A XYLITOL PRODUCT DERIVED FROM THE BIRCH TREE. U.S. DEL CALLED ATTENTION TO THE FACT THAT THERE IS A SEPARATE TSUS HEADING FOR CHEWING GUM (182.32) AND WONDERED IF PERHAPS THE PRODUCT OF INTEREST WAS SIMPLY THE SWEETENER WHICH WOULD PROBABLY ENTER IN A CHEMICAL HEADING RATHER THAN THE ONE NOTIFIED. THE FINNISH DEL INDICATED THAT HE WOULD REFER ALL U.S. QUESTIONS BACK TO HELSINKI.

4. NOTIFICATION BY NORWAY AGAINST THE U.S.: THE

NORWEGIAN DEL (SELMER, ET AL) EXPLAINED THAT IN THE ABSENCE OF AN EXPERT THEY WERE NOT ABLE TO ELABORATE ON THEIR NOTIFICATION AND COULD ONLY TAKE NOTE OF U.S. REMARKS. U.S. DEL PROVIDED RELEVANT TSUS NUMBERS FOR THE ITEMS NOTIFIED AND EXPLAINED "GRAS" CERTIFICATION FOR HARDENED MARINE FATS PER REF B. NORWEGIAN DEL ASSERTED THAT NORWAY HAD ALREADY PETITIONED FDS FOR GRAS CERTIFICATION AND THAT IT HAD NOT BEEN APPROVED. HE ADMITTED, HOWEVER, THAT HE WAS NOT SURE OF THIS FACT. U.S. DEL SAID THIS WOULD BE REPORTED TO WASHINGTON.

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5. NOTIFICATION BY U.S. AGAINST NORWAY:

A. HATCHING EGGS - NORWEGIAN DEL INDICATED THAT THERE IS NO MINIMUM PRICE SYSTEM APPLYING TO HATCHING EGGS (MINIMUM PRICE MECHANISM APPLIES TO FRESH EGGS ONLY) BUT THAT IMPORTS ARE REGULATED BY MINISTRY OF AGRICULTURE LICENSES WHICH ARE ISSUED ON AN "AS NEEDED" BASIS IN CONJUNCTION WITH NORWAY'S DOMESTIC BREEDING PLAN. THIS PLAN IS DEVELOPED BETWEEN THE GOVERNMENT AND THE BREEDERS AND IS DESIGNED TO CONTROL THE DOMESTIC MARKET FOR EGGS WITH THE RESULT THAT IMPORTS ARE ALLOWED ONLY WHEN THEY ARE DEEMED NECESSARY.

B. DRIED EGGS - IMPORTS ARE CONTROLLED IN MUCH THE SAME WAY AS FOR HATCHING EGGS (QUOTA'S ARE OPENED ONLY IF IMPORTS ARE DEEMED NECESSARY). THERE IS NO MINIMUM PRICE SYSTEM. THE NORWEGIAN DEL ASSERTED THAT IMPORTS OF DRIED EGGS MUST BE CONTROLLED BECAUSE NORWAY LIMITED OFFICIAL USE

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IN EFFECT USES DRIED EGG PRODUCTION AS A MEANS OF REMOVING FROM THE MARKET SURPLUSES IN FRESH EGGS.

C. LETTUCE, CELERY, RADISHES - THE NORWEGIAN DEL EXPLAINED THAT THE SO-CALLED MINIMUM PRICE SYSTEM FOR CERTAIN FRESH FRUITS AND VEGETABLES IS A MINIMUM DOMESTIC PRICE SYSTEM RATHER THAN A MIP SYSTEM APPLYING AT THE FRONTIER. HE SAID THAT THE SYSTEM OPERATES SEASONALLY SO THAT THERE IS A PERIOD WHEN IMPORTS ARE FREELY ADMITTED (THE DUTY IS ALSO OFTEN SUSPENDED). WHEN IMPORTS ARE RESTRICTED, A "NORMAL" INTERNAL MARKET PRICE IS PREDETERMINED FOR EACH ITEM AND EACH WEEK ACCORDING TO AN AGREEMENT NEGOTIATED BETWEEN THE GOVERNMENT, IMPORTERS, AND AGRICULTURAL PRODUCERS. AN UPPER PRICE 10 TO 12-PERCENT HIGHER THAN THE "NORMAL" MARKET PRICE IS THEN ESTABLISHED. IF THE DOMESTIC MARKET PRICE EXCEEDS THE UPPER PRICE FOR 2 CONSECUTIVE WEEKS, IMPORTS ARE PERMITTED. OTHERWISE, NO IMPORTS ARE ALLOWED.

D. SWEET CORN AND DRIED VEGETABLES - NORWEGIAN DEL ACKNOWLEDGED THAT IMPORTS OF SWEET CORN ARE CONTROLLED BY QUOTA AND SAID THAT THERE IS IN FACT PRODUCTION OF THIS PRODUCT IN CERTAIN AREAS OF NORWAY. HE EXPLAINED THAT WHERE IMPORTS ARE CONTROLLED BY LICENSING (SUCH AS FOR SWEET CORN, DRIED VEGETABLES, AND SEVERAL OTHER PRODUCTS NOTIFIED) QUOTAS ARE OPENED TO ALLOW IMPORTS WHEN THEY ARE DEEMED NECESSARY. THE QUOTAS FOR ALL THE PRODUCTS, HE SAID, ARE GLOBAL.

E. FRESH APPLES AND PEARS - THE SYSTEM APPLYING TO THESE PRODUCTS IS SIMILAR TO THAT DESCRIBED FOR LETTUCE, ETC. WITH TWO MAJOR EXCEPTIONS. FIRST, THE FREE IMPORT PERIODS ARE GATT BOUND UNDER NORWAY'S AGREEMENT WITH THE EC (THE FREE PERIOD APPLIES TO IMPORTS FROM ALL SOURCES, HOWEVER). SECOND, FOR APPLES THERE IS ADDITIONALLY A QUOTA PERIOD BETWEEN THE END OF THE LIMITED OFFICIAL USE

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FREE PERIOD AND THE FULLY RESTRICTED PERIOD IN

ORDER TO PREVENT LARGE-SCALE IMPORTS JUST BEFORE THE BEGINNING OF THE FULLY RESTRICTED PERIOD.

F. FROZEN BLUEBERRIES AND CANNED SOUR CHERRIES - THE NORWEGIAN DEL EXPLAINED THAT ALTHOUGH IMPORTS ARE REGULATED BY LICENSING"QUOTA SYSTEMS, LICENSES ARE BY AND LARGE FREELY GRANTED.

G. FRESH BLUEBERRIES, MELONS, CANNED PEACHED, CANNED NUTS, FRUIT COCKTAIL (20.06.908) - THESE PRO- DUCTS ARE ALL FREE OF NON-TARIFF IMPORT RESTRICTION; THERE IS NO LICENSING APPLIED. (HOWEVER, FRUIT COCKTAIL CONTAINING ALCOHOL IS LICENSED).

H. TURKEY ROLLS - THE NORWEGIANS ACKNOWLEDGED THAT THERE IS A VERY SMALL GLOBAL QUOTA APPLIED TO TURKEY ROLLS AND EXPRESSED DOUBT THAT IT COULD BE EN- LARGED.

I. WINE - THE NORWEGIAN DEL PREFACED HIS REMARKS BY SAYING THAT THEY DO NOT CONSIDER WINE AN AGRICULTURAL PRODUCT. HE INDICATED THAT THE STATE ALCOHOL MONOPOLY OPERATES AS A "NORMAL COMMERCIAL ENTERPRISE" IN ACCOR- DANCE WITH GATT. HE ALSO POINTED OUT THAT A COM- PLETE BAN ON THE ADVERTISEMENT OF ALCOHOLIC BEVERAGES IN NORWAY, FOR BOTH IMPORTED AND DOMESTIC PRODUCTS, HAS BEEN IN EFFECT FOR TWO YEARS.

6. NOTIFICATION BY THE U.S. AGAINST SWEDEN: AT THE OUTSET, THE SWEDISH DEL (OGREN) INFORMED US THAT THE RESTRICTIVE LICENSING SYSTEM FOR FRESH OR FROZEN HORSE- MEAT, FRESH OR FROZEN PORK, FRESH OR FROZEN POULTRY MEAT, EGGS, AND STARCHES HAD BEEN COMPLETELY REMOVED ON JULY 1, 1972.

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A. APPLES AND PEARS - FOR APPLES, THE SWEDISH DEL EXPLAINED THAT FROM JULY 1 TO LATE AUGUST IMPORTS ARE CONTROLLED BY LICENSING. FROM THAT DATE WHICH IS NEGOTIATED BETWEEN IMPORTERS AND PRODUCERS UNTIL ANOTHER NEGOTIATED DATE IN DECEMBER OR EARLY IN NEW YEAR WHICH IS ALSO NEGOTIATED, NO IMPORTS ARE ALLOWED. FROM THAT DATE UNTIL JULY 1 IMPORTS ARE FREE. THE SWEDISH DEL INDICATED THAT IF DIFFICULTIES ARISE IN THE NEGOTIATION OF THE DATES, THE GOVERNMENT STEPS IN. FOR PEARS, THE SYSTEM IS ALMOST THE SAME EXCEPT THAT THE ENDING DATE FOR THE CLOSED PERIOD IS SOMETIME IN NOVEMBER RATHER THAN DECEMBER.

B. POTATO FLAKES, STARCHES, COTTONSEED AND SOYBEAN OIL,

AND TURKEY ROLLS - SWEDISH DEL CONFIRMED THAT LEVIES ARE APPLIED TO THESE PRODUCTS, BUT THEIR VARIABILITY OVER TIME IS LIMITED. HE POINTED OUT THAT IN THE CASE OF CERTAIN STARCHES THE LEVIES HAVE REMAINED THE SAME SINCE JULY 1, 1976, AND IN THE CASE OF TURKEY ROLLS THE LEVY HAS STAYED THE SAME SINCE JULY 1, 1974. WITH RESPECT TO COTTONSEED AND SOYBEAN OIL HE SAID THAT THE VARIABLE LEVY IS THE EQUIVALENT OF AN EXCISE TAX WHICH IS APPLIED TO ALL OILS PROCESSED FROM DOMESTIC AND FOREIGN RAW MATERIALS. THE LEVY PROCEEDS ARE USED IN SUPPORT OF DOMESTIC RAPESEED.CULBERT

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